

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 364 - SB 676

March 30, 2009

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to administer a loan-scholarship program for students who are seeking licensure to become K-12 mathematics or science teachers under specified conditions. Requires such program to have loan-forgiveness provisions for students who become teachers in Tennessee. Authorizes TSAC, in conjunction with the Tennessee Higher Education Commission, to promulgate rules and regulations. Authorizes TSAC to accept contributions from private sources for funding with the first scholarships to be awarded when the amount of money contributed from private sources totals \$3,000,000.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$58,300/One-Time/Beginning in
FY11-12
Exceeds \$1,000,000/Beginning in
FY12-13**

Other Fiscal Impact - Under the provisions of the bill, TSAC is authorized to collect private funds to administer a loan scholarship program for students desiring to become math or science teachers in the Tennessee public school system. The first service scholarships will be awarded when the amount of money contributed from private sources totals at least \$3,000,000. Until that time, there would be no additional staff needed for the administration of the program, nor any students enrolled in the program. It is not anticipated that the \$3,000,000 would be collected in the next two years.

Assumptions:

- The program will not be implemented until \$3,000,000 in private funds is collected. It is anticipated that funds could not be collected and service scholarships would not be awarded until FY11-12.
- The award amount will be \$5,000 per student per academic year, and the student will be eligible to receive the award for five years.

- According to TSAC, an estimated 42 percent of students who begin programs complete with a degree and licensure. In 2006-07, 3,822 students completed a degree and obtained teacher licensure.
- Based on current enrollment data, it is estimated that approximately 9,100 students would start education programs in academic year 2011-12.
- According to THEC data, five percent of students who obtain licensure are in the fields of math or science ($9,100 \times 5\% = 455$). Only 12 percent of these students had the required ACT composite and sub-scores to qualify for this program ($455 \times 12\% = 55$). The program cost for 55 students the first year of implementation is estimated to be \$333,320, which includes \$275,000 ($55 \times \$5,000$) from private sources and \$58,320 from state funds.
- The annual enrollment growth is anticipated to be three percent and the standard THEC college retention rates would apply to continuing students.
- In the second year of the program, an estimated 57 new students would be eligible, and 42 students returning, for a total of 99 students with a program cost of \$553,320, which includes \$485,000 ($99 \times \$5,000$) in private funds and \$58,320 in state funds.
- The amount of state funding necessary to continue this program cannot be determined but can be estimated to exceed approximately \$1,000,000 beginning in FY12-13.
- According to TSAC, one administrative position would be required to monitor collection and distribution of funds resulting in a recurring state cost of \$58,320 for salary and benefits.
- Any cost to THEC to study and evaluate the program and to report to the General Assembly is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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